DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY Bschmeler DATE 7/2/85
EXEMPTIONS
DECLASSIFY IN PART
RELEASABLE ☑

394

Q: In return for the F-15 equipment, airborne surveillance, and refueling capability, what assurances do we have from Saudi Arabia regarding the Camp David agreements, the PLO, the strategic petroleum reserve, stationing of US military personnel, or other bilateral issues?

A: The sales of this equipment will contribute to an important and long-standing U.S. objective -- the security of Saudi Arabia.

By helping to assure the Saudis' ability to defend themselves, the sales will strengthen their confidence in us and help to build a sense of common interests. We seek to develop those interests in support of greater defense cooperation and our broader relationship. We have to recognize, however, that in the context of the regional political situation Saudi Arabia must proceed with caution in developing further its cooperation with us. After Iran and Afghanistan the Soviet and radical threats to Saudi Arabia are particularly pressing and Saudi confidence in our ability to help meet these threats has been diminished. Our proposed arms sales to Saudi Arabia represent one of the means by which we are attempting to strengthen Saudi confidence in our reliability.

Saudi Arabia supported the U.S. Middle East peace effort up to Sadat's Jerusalem trip and continued to do so through the Camp David Summit.

Although Saudi Arabia has not supported the Camp David process, it has consistently reaffirmed its support for a just and comprehensive Middle East peace settlement. The Saudi desire for peace reflects in part deep concern that continued Arab-Israeli tension promotes Soviet and radical influences in the area. As we continue to seek to bring the Saudis into a more constructive posture in the peace process, it is important to sustain their confidence in

other aspects of US policy including our willingness to meet Saudi defense requirements.

Saudi Arabia has not publicly supported the concept of a permanent US force presence in the area. It has, however,

-- indicated appreciation of a strong US "over-the horizon" presence;

-- sought an extensive US military supply and training program;

-- requested deployment of AWACS at the outbreak of the Iraq/Iran war; and

-- been strongly supportive of Oman and Bahrain, which provide our forces access.

The Saudis have long opposed the spread of Soviet influence generally and in the Middle East in particular. They helped get the Soviets out of Egypt, Sudan, and Somalia. In Yemen the Saudis have worked with us to support the economic and defense needs of North Yemen, threatened by Marxist, Soviet-supported South Yemen. The Saudis have taken the initiative in bolstering Pakistan and welcoming our cooperation in this effort. The close US-Saudi relationship has encouraged the smaller Gulf states from Kuwait to Oman to cooperate with the United States.

Saudi Arabia is critical to our economic objectives. While neither we nor they see benefit in direct trade-offs, we have long urged their cooperation in energy and financial matters and have received it to a remarkable degree.

Over the past years, Saudi Arabia has consistently maintained significantly higher oil production than it had to, most recently in response to supply shortages resulting from the Iraq/ Iran war.

Saudi Arabia has been a price moderate within OPEC. For extended periods -- as at present -- it has priced its crude well below the general OPEC level. These production and pricing policies are increasingly criticized in Saudi Arabia.

The Saudis currently devote a high percentage (almost 10%) of their GNP to foreign assiscant. (The US percentage is 0.2%). This policy supports many of our own security and development objectives in the immediate region and globally. Saudi assistance has been particularly important to Morocco, the Sudan, and Jordan. In the coming months we will need to urge even greater Saudi lending, particularly toward key nations such as Turkey and Pakistan.

The Saudis have consistently supported the dollar. Currently a large proportion of their more than $100 billion in foreign official assets is in dollar instruments.

A continued strong overall relationship between the US and Saudi Arabia is, thus, a valuable asset in many respects. It is clear that the Saudis will be responsive when we demonstrate sustained concern for their national defense.